

Business doesn't shrink during bad economy

AGGRESSIVE: Marketing plan, new sales staff will lead growth

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PINELLAS PARK – For Polypack Inc., business is best when the economy is bad, but only slightly bad.

Polypack designs and makes shrink packaging machines, primarily for food and personal care products.

Polypack machinery wraps products such as bottles of chocolate syrup, shampoo and water, bags of raisins and boxes of crackers and ice cream.

Most of its customers are large companies such as Coca-Cola Co. and The Proctor & Gamble Co.

When the economy is good, makers of food and personal care products have little incentive to spend money on better, faster packaging machinery. But if the economy sinks, they become more willing to invest in capital equipment that will save them money in the long run.

The bottom line ?

“The economy needs to be a little bit bad,” said Alain A. Cerf, president of Polypack. The 29-years-old company that employs about 60 posted revenue of \$8 million in 2001. Cerf expected revenue to grow by 10 percent to 15 percent during the next year.

In addition with the “slightly bad” economy, Polypack expects to grow because it will add sales people and become more aggressive at marketing.

American’s never-ending desire for “new and improved” products also feeds Polypack’s business. “Good or bad, it has to be new,” Cerf said.



Emmanuel Cerf, vice president of sales and marketing, and Steve Locke, field service engineer, check “the shrink” of film during the testing stage.

Changing a product’s packaging often creates a need for different shrink-wrap equipment.

The most frustrating part of the business is sales, said Emmanuel Cerf, Alain Cerf’s son and vice president of sales and marketing. Emmanuel’s twin brother Olivier Cerf is vice president of operations of the family-owned company.

Figuring out that a plant has a need for new packaging equipment and then reaching engineers, who typically are in the back of the building, is difficult, Emmanuel Cerf said.

“How do you promote a capital piece of machinery that’s not going to sell more product,” he said.

Having a name that’s well known in the industry helps, he said. About 55 percent of the company’s business comes from repeat customers.

Nationwide, U.S. companies spend \$6 billion a year on packaging machinery - \$5 billion on equipment and \$1 billion for parts and service, said Matt Croson, spokesman for the Packaging Machinery Manufacturers Institute.

Polypack offers “fully integrated” services, from concept and design to making the parts, assembly, wiring, programming, installation and service. About one-third of its machinery is exported,

primarily to Central America, South America and Europe.

The company was located in several rented spaces in St. Petersburg until 6 years ago, when it constructed the 45,000-square-foot building it owns and occupies in the Gateway Center industrial park.

The building features paintings, sculptures and other works of art, as well as a collection of automobiles that illustrate engineering in the early 1900s. The displays and modern building design create an atmosphere, what Alain Cerf calls “a certain soul,” that pleases employees and customers.

Changes the company has made over the years include making fewer, bigger, faster more sophisticated and more expensive machines.

The company also spends more time obtaining orders than in the past.

These days, a large company may send a team to Polypack for a week to investigate possible equipment. The team will make a report and much later, the company will commit to the purchase.

Polypack also has adapted its machinery to address cultural differences.

Businesses in foreign countries are more likely to accept less packaging than companies in the United States, Emmanuel Cerf said. For example, a company in Brazil would ship four cans of paint on a cardboard pad in shrink-wrap, when a U.S. company would require the cans to be enclosed in a cardboard box.

The difference is in perception, not protection, Emmanuel Cerf said.

“It takes marketing effort to say, ‘Would you accept this without the case,’” he said.

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